

## Message Text

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PAGE 01 SANTIA 03926 312003Z

70

ACTION OPIC-12

INFO OCT-01 ARA-16 ADP-00 EB-11 COME-00 TRSE-00 CIAE-00

INR-10 NSAE-00 XMB-07 L-03 /060 W

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R 311912Z AUG 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5375

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EO 11652: GDS

TAGS: EGEN; CI

SUBJ: CARBURO Y METALURGIA

REF: STATE 168910 SANTIAGO 3854

1. CARBURO GEN. MGR. AUGUSTO LETELIER, INFORMED EMBASSY THAT SANTIAGO OFFICES WERE SEIZED BY EMPLOYEES ON JULY 19, IMMEDIATELY AFTER LEARNING OF CODELCO'S PETITION FOR FIRM'S BANKRUPTCY. ONE OF COMPANY'S PLANTS HAD PREVIOUSLY BEEN REQUISITIONED ON JUNE 9 DUE TO A CESSATION OF PRODUCTION. DISCUSSIONS BETWEEN COMPANY AND CODELCO ARE IN PROCESS. PRELIMINARY REPORTS INDICATE THAT PRESENT MANAGEMENT, WITH EXCEPTION OF LETELIER, WILL STAY; BUT OTHER DETAILS ARE STILL TO BE DECIDED.

2. CARBURO, HISTORICALLY ACTIVE AND AGGRESSIVE FIRM, BEGAN HAVING TROUBLES WHEN ALLENDE GOVERNMENT TOOK OFFICE. COMPANY ON ORIGINAL LIST OF FIRMS TO PASS TO SOCIAL OR MIXED AREA AND GOC BEGAN IMMEDIATELY TO PRESSURE COMPANY THROUGH CONTROLS ON PRICES AND RESTRICTIONS ON CREDIT. CARBURO MANAGED TO GET THROUGH 1971 DUE TO STRONG FINANCIAL POSITION, BUT INCREASING PRESSURE DURING 1972 AND 73 RESULTED IN COMPANY'S REACHING SUCH A FINANCIAL STATE THAT CODELCO, ITS LARGEST CREDITOR, PETITIONED FOR CARBURO'S BANKRUPTCY ON JULY 19. EMPLOYEES IN SANTIAGO HEADQUARTERS, FEARING LOSS OF JOBS ETC. IF COMPANY WENT INTO BANKRUPTCY PROCEEDINGS, SEIZED OFFICES ON SAME DAY. CODELCO IMMEDIATELY STEPPED IN (THOUGH NO OFFICIAL DECREE

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PAGE 02 SANTIA 03926 312003Z

ISSUED) AND BEGAN RUNNING OPERATIONS--INCLUDING PAYMENT OF

SALARIES.

3. IN NORMAL BANKRUPTCY PROCEEDINGS ASSETS OF FIRM WOULD BE AUCTIONED WITH PROCEEDS GOING FIRST TO CREDITORS AND ANY RESIDUAL TO SHAREHOLDERS. GIVEN CODELCO'S "INTERVENTION," HOWEVER, BANKRUPTCY PROCEEDING MAY BE REPLACED BY DIRECT TAKEOVER BY CODELCO. LETELIER HAS PROMISED TO KEEP EMBASSY INFORMED.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 31 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Secure:** OPEN  
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